

Message Text

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15

ORIGIN EB-11

INFO OCT-01 XMB-07 AF-10 ARA-16 EA-11 EUR-25 NEA-14 RSC-01

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TO ALL DIPLOMATIC AND CONSULAR POSTS

UNCLAS STATE 184847

INFORM CONSULS

E.O. 11652:N/A

TAGS: EFIN, US

SUBJECT: EXIMBANK BILL

1. H.R. 15977, A BILL TO EXTEND THE AUTHORITY OF EXIMBANK
WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON AUGUST 21 BY A
VOTE OF 330 TO 67.

2. SIGNIFICANT CHANGES IN EXIMBANK BASIC LEGISLATION AS
PROVIDED BY THE BILL ARE:
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(A) INCREASES EXIMBANK'S TOTAL COMMITMENT AUTHORITY TO 25
BILLION DOLLARS FROM 20 BILLION DOLLARS AND EXTENDS EXIM-

BANK'S LIFE TO JUNE 30, 1978.

(B) AUTHORITY TO CHARGE GUARANTEES AND INSURANCE ON 25 PERCENT RESERVE BASIS AGAINST THE OVERALL 25 BILLION DOLLAR COMMITMENT AUTHORITY INCREASED TO 20 BILLION DOLLARS FROM 10 BILLION DOLLARS.

(C) REQUIRES NOTIFICATION TO CONGRESS OF ANY PROPOSED TRANSACTION IN A COMMUNIST COUNTRY INVOLVING A BANK LOAN OF 50 MILLION DOLLARS OR MORE AT LEAST 30 LEGISLATIVE DAYS PRIOR TO FINAL APPROVAL.

(D) PROHIBITS EXIMBANK FROM DOING BUSINESS WITH USSR UNTIL H.R. 10710, THE "TRADE REFORM ACT" IS SIGNED INTO LAW.

(E) CLARIFIES CONGRESSIONAL INTENT THAT EXIMBANK SHALL SEEK TO MINIMIZE COMPETITION IN GOVERNMENT-SUPPORTED EXPORT FINANCING IN COOPERATION WITH THE EXPORT FINANCING INSTRUMENTALITIES OF OTHER GOVERNMENTS.

(F) PROHIBITS EXIMBANK FROM DOING BUSINESS WITH TURKEY UNTIL PRESIDENT REPORTS TO CONGRESS THAT TURKEY IS COOPERATING WITH UNITED STATES IN CURTAILING HEROIN TRAFFIC.

(G) IN FIXING THE INTEREST RATE TO BE CHARGED REQUIRES EXIM TAKE INTO ACCOUNT THE AVERAGE COST OF MONEY TO THE BANK AND THE NECESSITY OF MAINTAINING ITS EARNING POWER AND RESERVES, AS WELL AS THE NEED TO SUPPORT UNITED STATES EXPORTS AT COMPETITIVE TERMS WITH EXPORTS OF OTHER COUNTRIES.

3. THE BILL NOW GOES TO THE SENATE WHICH WILL BE ACTING ON EXIM LEGISLATION SHORTLY AFTER ITS RETURN FROM RECESS ON SEPTEMBER 11. EXIMBANK IS PRESENTLY OPERATING UNDER A TEMPORARY EXTENSION OF AUTHORITY WHICH EXPIRES ON SEPTEMBER 30, 1974. KISSINGER

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